

Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 EUR-12 L-03 FRB-03 OMB-01
ITC-01 SP-02 ICA-11 AID-05 CIAE-00 COME-00 INR-10
LAB-04 NSAE-00 OIC-02 SIL-01 STR-07 TRSE-00
CEA-01 SS-15 INT-05 AGR-01 AF-10 ARA-10 EA-10
NEA-10 /146 W
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R 131801Z APR 78 ZDK
FM USMISSION GENEVA
TO SECSTATE WASHDC 8357

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E.O. 11652: N/A
TAGS: UNCTAD, ETRD
SUBJECT: UNCTAD COMMODITIES: IRON ORE AND COPPER

REFERENCE: (A) STATE 78875; (B) STREEB-DEWITT TELCON
APRIL 3; (C) GENEVA 5384

1. PLANS FOR THE FORTHCOMING IRON ORE MEETING ARE DEVELOPING VERY SLOWLY AND MOST DELEGATIONS AND THE SECRETARIAT ARE STILL IN A FOG AS TO WHAT THIS MEETING COULD ACCOMPLISH. THE ASSOCIATION OF IRON ORE EXPORTERS (APEF) WILL NOT MEET UNTIL APRIL 20-21. MISSION COMMODITIES OFFICER HAS BEEN INVITED TO A COCKTAIL SPONSORED BY THE APEF ON THE NIGHT OF APRIL 19 AND SHOULD HAVE AN OPPORTUNITY TO TEST THE WATERS WITH SOME OF THE OTHER DELEGATIONS. AT PRESENT, HOWEVER, THE APEF LOCAL OFFICE HAS NO SPECIFIC IDEAS WITH RESPECT TO THE MEETING. THERE HAVE BEEN NO CHANGES IN THE MEMBERSHIP OF THE APEF AND INDICATIONS FROM OUR CONTACTS WITH THE TWO SENIOR STAFF MEMBERS INDICATE THAT THEY HAVE NOT YET LAUNCHED ANY PROGRAMS.

2. AUSTRALIAN AND CANADIAN COUNTERPARTS HAVE NOT YET
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RECEIVED INSTRUCTIONS FROM CAPITALS AND HAVE NO SPECIFIC IDEAS IN MIND FOR THE MEETING. AUSTRALIA IS CONCERNED THAT SEVERAL MORE RADICAL COUNTRIES SUCH AS VENEZUELA AND ALGERIA WILL USE THIS MEETING TO GIVE A BIGGER PUSH IN THE DIRECTION OF POSSIBLE STABILIZATION MEASURES AND IS EXPECTING SOME FIREWORKS IN THE APEF MEETING ON THIS SCORE. CANADA AND AUSTRALIA SHARE DOUBTS ON THE EFFICACY OF A PCF FOR IRON ORE

ALTHOUGH AUSTRALIA INTENDS TO HOLD VERY FIRM ON THE CONDITION IT ATTACHED TO THE ARTICLES OF THE APEF WHERE IT SAID THAT CONTACTS WITH CONSUMING COUNTRIES SHOULD BE FOSTERED. BRAZIL SO FAR HAS HEARD NOTHING ABOUT POSSIBLE PARTICIPATION BY REPRESENTATIVES FROM CAPITAL OR PRIVATE INDUSTRY AND ALTHOUGH IT HAS NOT RECEIVED ANY INSTRUCTIONS, ANTICIPATES CONTINUING LOW-KEY ROLE.

3. WITH RESPECT TO THE DOCUMENTATION FOR THE MEETING, SECRETARIAT IS PROVIDING UPDATE OF STATISTICAL MATERIAL AND A BRIEF ACCOUNT OF MOST RECENT DEVELOPMENTS IN THE IRON ORE MARKET. (SET OF DOCUMENTS AVAILABLE AS OF FRIDAY WILL BE HAND CARRIED TO EB BY ONE OF REPS TO CURRENT JUTE MEETING). ONLY OTHER DOCUMENT IS A SECRETARIAT NOTE ENTITLED "CONSIDERATION OF MATTERS REMITTED BY THE PREPARATORY MEETING ON IRON ORE." THIS DOCUMENT GOES THROUGH EACH OF THE SEVEN ITEMS IN THE TERMS OF REFERENCE AND GIVES BRIEF COMMENTS ON EACH OF THOSE AND SOME POSSIBLE WAYS OF DEALING WITH THEM. IN LARGE PART, THIS DOCUMENT SUGGESTS FURTHER STUDY AND/OR A FURTHER DEFINITION OF EXACTLY WHAT WOULD BE INTENDED UNDER EACH OF THESE SEVEN ITEMS. THERE APPEARS TO BE VERY LITTLE CONTROVERSIAL IN THE SECRETARIAT NOTE. AUSTRALIAN REP SUGGESTS THAT WE SIMPLY GO DOWN THROUGH THIS LIST OF ITEMS INDIVIDUALLY AND SEE WHAT VIEWS ANYONE MIGHT HAVE ON EACH ONE. UNLESS THERE IS A LOT MORE ENTHUSIASM THAN HAS BEEN EXHIBITED SO FAR, THIS COULD TURN OUT TO BE SIMILAR TO LIMITED OFFICIAL USE

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EXERCISES IN SEVERAL RECENT COMMODITY MEETINGS, NOTABLY MEAT, WHERE WE MANAGED TO GET THROUGH THE WHOLE LIST OF ITEMS IN LESS THAN ONE DAY. IN PREPARING FOR THE MEETING, DEPARTMENT MAY WISH TO TAKE A CLOSE LOOK AT EACH OF THESE SEVEN ITEMS AND DETERMINE IF THE US WISHES TO COMMENT. IN ANY CASE, ONE IMPORTANT FOCUS OF THE POSITION PAPER SHOULD BE ON OUR COUNTER-PROPOSALS SHOULD THE ALGERIANS AND VENEZUELAN MAKE A BIG PUSH TO MOVE THE PREPARATORY MEETINGS INTO THE EXAMINATION OF STABILIZATION MEASURES. AS REPORTED IN TELCON, STREEB WILL BE AVAILABLE TO HEAD USDEL.

4. AUSTRALIAN AND CANADIAN REPS ANTICIPATE FEW NEW PROPOSALS REGARDING THE PCF ON COPPER. CANADA HAS PROVIDED US WITH A SLIGHTLY EDITED VERSION OF THE AUSTRALIAN PROPOSAL BUT THERE APPEARS TO BE VERY LITTLE SUBSTANTIVE CHANGE EXCEPT THAT REFERENCES TO FURTHER ANALYSIS AND INVESTIGATION OF THE FEASIBILITY STUDY AND REFERENCE TO A NEGOTIATION CONFERENCE HAVE BEEN DELETED. AUSTRALIAN REP FEELS THAT ISSUE OF RELATIONSHIP OF PCF TO UNCTAD WILL INDEED BE A MAJOR TOPIC BUT DOES NOT THINK THAT IT WILL BE PUSHED BY PERU, ZAIRE AND MEXICO IN SUCH A WAY THAT THE MEETING WILL BE UNABLE TO MAKE ANY PROGRESS ON SUCH ISSUES AS OBJECTIVES,

FUNCTIONS, STAFFING, ETC. THE TWO MOST DIFFICULT AREAS ARE LIKELY, THEREFORE, TO BE FINANCING AND ACCOUNTABILITY OF THE BODY TO SOME AUTHORITY IN THE UN SYSTEM. BUT BOTH CANADA AND AUSTRALIA ARE HOPEFUL THAT THESE TWO ISSUES CAN BE LEFT OUTSTANDING UNTIL THE SECOND MEETING.

5. FURTHER DISCUSSION WITH UNCTAD SECRETARIAT STAFF REVEALS VERY LITTLE NEW IN SECRETARIAT THINKING. SECRETARIAT'S EARLIER INTERNAL PAPER REFERRED TO IN REFTEL (C) WAS BASED ON A REQUEST FROM HIGUERAS OF PERU, WHO HAS SINCE BEEN TRANSFERRED TO BRASILIA AND SECRETARIAT HAS RECEIVED NO INQUIRIES FROM ANY OTHER LDC PRODUCERS. SECRETARIAT IS STILL THINKING OF TWO SEPARATE TRACKS OR ORGANIZATIONS, ONE

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BEING A RELATIVELY AUTONOMOUS FORUM AND THE OTHER BEING A COMMITTEE ON COPPER UNDER THE TRADE AND DEVELOPMENT BOARD WHICH WOULD MEET ANNUALLY TO REVIEW THE WORK OF THE FORUM AND REPORT TO THE TDB. MISSION OFFICER REACTED LESS THAN ENTHUSIASTICALLY AND CANADIANS AND AUSTRALIANS SHARED THIS LACK OF ENTHUSIASM. MISSION OFFICER ALSO REPORTED POSSIBLE UK POSITION TO CANADIANS AND AUSTRALIANS AND REACTION WAS THAT UK IS TAKING FAR TOO LEGALISTIC A VIEW AND NOT RECOGNIZING DEGREE OF AUTONOMY GOVERNMENTS HAVE IN ESTABLISHING ORGANIZATIONS. IT MAY BE, HOWEVER, THAT UK VIEW IS BEING SHAPED FAR MORE BY THE REFERENCE TO MAINTAINING RELATIONSHIP WITH UNCTAD RATHER THAN FIRST LOOKING AT THE ESTABLISHMENT OF THE BODY AND, SECONDLY, HOW THAT BODY MIGHT WANT TO MAINTAIN UNCTAD TIES. VANDEN HEUVEL

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